# APS Executive Remuneration Management Policy

## Overview

* 1. The APS Executive Remuneration Management Policy (the policy) sets out arrangements for the management of executive remuneration, including an approval process for remuneration proposals above a notional amount.

## Policy objectives

* 1. To maintain appropriate pay relativity between Secretaries and the most senior members of the SES and other staff to better reflect their respective roles and responsibilities, in accordance with the Remuneration Tribunal’s [Review of Secretaries’ Remuneration](http://www.remtribunal.gov.au/offices/secretaries).
  2. To support the Government’s [Public Sector Workplace Relations Policy 2020](https://www.apsc.gov.au/initiatives-and-programs/workplace-relations/public-sector-workplace-relations-policy-2020) that assists Australian Government public sector entities in creating workplace arrangements that enable sustainable, high performing public sector workplaces.

## Key points

* 1. The policy applies to all staff employed under the *Public Service Act 1999*.
  2. Agency heads are required to obtain approval from the Australian Public Service Commissioner (the Commissioner) before they offer any SES or non-SES employee a remuneration package valued in excess of the notional amount.
  3. Remuneration arrangements that were endorsed under the interim policy, will remain grandfathered provided future pay increases are consistent with Government policy as set out in the Workplace Bargaining Policy. Should there be a substantial change in the individual’s role, for any reason, their remuneration should be reconsidered under this policy.

## Key considerations and conditions

* 1. It is anticipated that, other than in exceptional circumstances, the remuneration of any SES or non‑SES employees will not exceed the notional amount prescribed in this policy.
  2. Exceptions will be considered by the Commissioner where compelling circumstances apply, based on job weight and/or market factors. Proposals need to be supported by appropriate justification, and where market forces are a factor in justifying the level of remuneration, it will be necessary to provide the market data relied on and any other relevant evidence supporting the proposal.
  3. Proposals that seek to maintain a level of remuneration (salary maintenance) e.g. in relation to engagements of persons from outside the APS or employees moving between agencies, will not necessarily be sufficient to justify remuneration above the notional amount.
  4. Remuneration for Associate Secretary roles will be considered on a discretionary, case-by-case basis, in conjunction with the Secretary of the Department of the Prime Minister and Cabinet.
  5. Approvals relate to the occupant of a particular role at a given time, and do not transfer to successors in that role. A new proposal would be required when such a role becomes vacant, and the remuneration proposed exceeds the notional amount.
  6. Where approval has been granted under this policy for remuneration above the notional amount, or grandfathered remuneration arrangements are in place, future annual pay increases are expected to comply with the Workplace Bargaining Policy. Any proposal to adjust the remuneration package beyond the parameters of the Workplace Bargaining Policy would require approval in line with that Policy.
  7. Former Secretaries employed under the *Public Service Act 1999* on (full or partial) salary retention arrangements are exempt from these arrangements.

## Approval process

* 1. Submissions for remuneration proposals above the notional amount, including variations to alter grandfathered arrangements, are to be signed by the agency head and forwarded to the Commissioner at [ExecRemStatOffices@apsc.gov.au](mailto:ExecRemStatOffices@apsc.gov.au)
  2. The detail of the proposal should be recorded on the *APS Executive Remuneration proposal form* at Appendix 1, accompanied by evidence to support the level of Total Remuneration sought (refer to paragraph 4.2).
  3. Remuneration proposals are to be submitted in the following circumstances:
     1. Following the agency head’s approval of an SES selection decision.
     2. Where the agency head is of the view that a remuneration package in excess of the notional amount may be required prior to an individual being offered the role or prior to the advertisement of the role. The agency head may seek the Commissioner’s in-principle agreement to a specific remuneration amount, or to a remuneration range within which the agency head may negotiate.
     3. For any other situation where remuneration above the notional amount is being considered, e.g. for staff movements outside a competitive selection process.
  4. The Commissioner will endeavour to respond to remuneration proposals within five working days of receipt.

## Completing the APS Executive Remuneration proposal form

* 1. In relation to performance pay, other bonus payments and the employer superannuation contribution, the maximum potential payment is to be included in the proposal form.
  2. In addition to all remuneration items noted above, details should be provided of any proposed benefits or one-off payments that are not included within the Total Remuneration definition, such as accommodation, living allowances and study expenses. If these benefits are pre-determined payments, specify the purpose, value and expected timing of payments. In all other cases, specify the purpose and estimated annual value of each benefit.
  3. Proposals need to be supported by appropriate justification, based on job weight and/or market factors. Supporting documentation, such as market data, should be provided to support the proposal.

## Definitions

* 1. ‘**Benefits’** means benefits, other than cash and the employer's superannuation contribution, provided to an employee at the Commonwealth’s expense, and includes any Commonwealth provided vehicle that the employee elects to receive and the value of parking.
  2. ‘**Bonuses’** include performance pay and any bonuses. The value to be declared is the maximum amount that may be paid.
  3. ‘**Employer's superannuation contribution’** means payments made by the Commonwealth in respect of the employee to:

1. a Commonwealth defined benefit scheme (including the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme); or
2. another superannuation fund.

For the purposes of the defined benefit schemes, a notional value calculated as 15.4% of superannuation salary is to be used as the value of the employer’s superannuation contribution. For accumulation plan schemes, a notional value calculated as 15.4% of salary is to be used as the value of the employer’s superannuation contribution.

* 1. ‘**Facilities provided as business support’** are those communications, information technology and other office facilities provided to the employee that are necessary for the efficient conduct of the Commonwealth’s business. Incidental private use may be included. The facilities also include airline lounge memberships.
  2. **‘Grandfathered arrangements’** are those remuneration arrangements that were already in place that are above the notional amount at the commencement of the interim policy on 14 May 2012, and have been approved by the Commissioner.
  3. **‘Notional Amount’** is the maximum remuneration (Total Remuneration – see below) that agency heads may approve for their SES and non-SES roles and is a percentage of the base remuneration of the Secretaries’ classification structure (refer to the Remuneration Tribunal’s Determination at [www.remtribunal.gov.au](http://www.remtribunal.gov.au)). The notional amount is equivalent to 65% of the lowest pay point of the Secretaries’ classification structure for all employees (SES and non-SES).
  4. **‘Total Remuneration’ (or** **remuneration, or remuneration package) -** the description of Total Remuneration is aligned to that used by the Remuneration Tribunal for Secretaries, with the addition of performance pay/bonuses.

For the purposes of valuing remuneration packages under this policy, Total Remuneration represents the aggregate value, calculated as the total cost to the employer (including FBT) and expressed as an annual amount, of:

1. salary, allowances or lump sum payments (including payments in lieu of motor vehicle benefits, however paid)
2. the employer’s superannuation contribution (maximum potential payment)
3. performance pay and bonuses (maximum potential payment), and
4. benefits

but does not include:

1. facilities provided as business support
2. removal costs, accommodation allowances and reunion airfares, or
3. travel allowances and expenditure.

**Appendix 1**

**APS Executive Remuneration proposal form**

This form is to be completed to obtain approval from the Australian Public Service Commissioner before offering an SES or non-SES employee a remuneration package valued in excess of the notional amount prescribed in the *APS Executive Remuneration Management Policy*. Agency heads may need to provide documentation, in addition to the completed form, to support their proposal. For instance, where market forces are a factor in justifying the level of remuneration, it will be necessary to provide details of the market data relied on and any other relevant evidence supporting the proposal.

‘**Benefits**’ means benefits, other than cash and the employer's superannuation contribution, provided to an employee at the Commonwealth’s expense, and includes any Commonwealth provided vehicle that the employee elects to receive and the value of parking.

‘**Bonuses**’ include performance pay and any bonuses. The value to be declared is the maximum amount that may be paid.

‘**Employer's superannuation contribution**’ means payments made by the Commonwealth in respect of the employee to:

1. a Commonwealth defined benefit scheme (including the Commonwealth Superannuation Scheme or the Public Sector Superannuation Scheme); or
2. another superannuation fund.

For the purposes of the defined benefit schemes, a notional value calculated as 15.4% of superannuation salary is to be used as the value of the employer’s superannuation contribution. For accumulation plan schemes, a notional value calculated as 15.4% of salary is to be used as the value of the employer’s superannuation contribution.

‘**Facilities provided as business support**’ are those communications, information technology and other office facilities provided to the employee that are necessary for the efficient conduct of the Commonwealth’s business. Incidental private use may be included. The facilities also include airline lounge memberships.

**‘Total Remuneration’** represents the aggregate value, calculated as the total cost to the employer (including FBT) and expressed as an annual amount, of:

* salary, allowances or lump sum payments (including payments in lieu of motor vehicle benefits, however paid);
* the employer’s superannuation contribution;
* performance pay and bonuses; and
* benefits;

but does not include:

* facilities provided as business support;
* removal costs, accommodation allowances and reunion airfares; or
* travel allowances and expenditure.

**Declaration**

Department/Agency \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Employee’s (or Applicant’s) Name \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Classification (*SES Band 3; Medical Officer Class 6, etc*) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Role Title (*Deputy Secretary, Chief Information Officer, etc*) \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

|  |  |
| --- | --- |
| **Proposed Base Salary** | $\_\_\_\_\_\_\_\_\_ |
| **Allowances** *(include all payable)* | $\_\_\_\_\_\_\_\_\_(*description*) $\_\_\_\_\_\_\_\_\_(*description*) |
| **Lump Sum Payments** *(include all payable)* | $\_\_\_\_\_\_\_\_\_(*description*) $\_\_\_\_\_\_\_\_\_(*description*) |
| **Employer’s Superannuation Contribution** *(insert maximum potential value)* | $\_\_\_\_\_\_\_\_\_ |
| **Performance Pay and Bonuses** *(insert maximum potential value)* | $\_\_\_\_\_\_\_\_\_(*description*) |
| **Vehicle** | $\_\_\_\_\_\_\_\_\_ |
| **Parking** | $\_\_\_\_\_\_\_\_\_ |
| **Other Benefits** *(include applicable FBT tax)* | $\_\_\_\_\_\_\_\_\_(*description*) |
| **Proposed Total Remuneration** | **$\_\_\_\_\_\_\_\_\_** |

Notes:

* For items with varying values, e.g. superannuation contribution and bonuses, include the maximum potential value.
* Where market forces are a factor in justifying the level of remuneration, provide details of the market data relied on.
* Please provide (on a separate sheet) details of all other benefits (including FBT) included in the remuneration package but not included in TR above, such as the annualised value of accommodation and relocation assistance.

**Agency Head**

I certify that the above information is true and complete and in accordance with the APS Executive Remuneration Management Policy and instructions issued by the Australian Public Service Commissioner.

Signature: **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_** Date:\_\_\_\_\_/\_\_\_\_\_/\_\_\_\_\_

Name: **\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**